Agriculture and Forestry

BUSINESS PLAN 2015–18

ACCOUNTABILITY STATEMENT

This business plan was prepared under my direction, taking into consideration the government's policy decisions as of October 15, 2015.

original signed by

Oneil Carlier, Minister

THE MINISTRY

The ministry consists of the Department of Agriculture and Forestry, the Environmental Protection and Enhancement Fund, Agriculture Financial Services Corporation (AFSC) and the Alberta Livestock and Meat Agency Ltd. (ALMA). The ministry is also responsible for the Office of the Farmers' Advocate, Irrigation Council, Agricultural Products Marketing Council and the Alberta Grains Council for which funding is included in the department's budget. The Forest Resource Improvement Association of Alberta is a delegated administrative organization, operating outside of government, that is accountable to the minister.

The ministry provides the framework and services necessary for Alberta's agriculture, food and forest sectors to excel; inspires public confidence in wildfire and forest management and the quality and safety of food; supports environmentally sustainable resource management practices; and leads collaboration that enables safe and resilient rural communities. Key outcomes are focused on building diversified and environmentally responsible industries; sustainable management of Alberta's public forests; protecting Albertans and other values from the risk of wildfires; delivering effective assurance systems for safe food, plant health, disease surveillance, forest and wildfire management, and animal health and welfare; maximizing the value of agriculture and forest products; and rural development.

A detailed description of Agriculture and Forestry and its programs and initiatives can be found at www.agriculture.alberta.ca.

LINK TO GOVERNMENT OF ALBERTA STRATEGIC DIRECTION

The desired outcomes and priority initiatives identified in this business plan are aligned with the strategic direction of the Government of Alberta.

STRATEGIC CONTEXT

The agriculture and forest sectors capitalize on the province's natural resources to create sustainable industries and thriving communities. However, these sectors continue to face a complex and interconnected landscape of economic, environmental and social variables. New markets are being opened by landmark trade agreements, presenting opportunities for growth and challenges in meeting consumer demand. Attitudes toward food, agriculture and forests continue to evolve, and these sectors are responding to a renewed interest in production practices from consumers worldwide.

As the competition for natural resources intensifies, it is important for the agriculture and forest sectors to adopt improvements in technology and sustainable management practices that lead to responsible resource management, production efficiencies and sustainable growth to meet changing demands and expectations.

The impact of sustained dry conditions across the province in 2015 is being felt by many of Alberta's crop and livestock producers. It is anticipated that Alberta's grain and oilseed production numbers will be below the five-year average.

Forest product companies in Alberta face challenges created by extensive wildfire activity in 2015, the on-going management of mountain pine beetle, land-use planning, species-at-risk management, trade concerns and competition for labour.

In light of the opportunities and challenges impacting agriculture, forestry and wildfire management, the ministry focuses on providing education and information activities that support industry development, building strong relationships, and working collaboratively with industry, ministry partners across the Government of Alberta, other levels of government and stakeholders with a vested interest in the continued success of the agriculture and forest sectors, the safety of Albertans and the vitality of forest ecosystems and rural communities.

DESIRED OUTCOMES, PRIORITY INITIATIVES, PERFORMANCE MEASURES, PERFOMANCE MEASURES UNDER DEVELOPMENT AND PERFORMANCE INDICATORS

Desired Outcome One: Alberta's agriculture and forest industries are positioned for increased growth

Positioning Alberta's agriculture and forest industries for growth involves providing improved education and information services to businesses and industry, as well as building relationships that grow opportunities in the United States, Mexico and several priority markets: Asia Pacific Basin, Europe, India and nations of the Trans-Pacific Partnership (TPP). In pursuit of this outcome, the ministry facilitates increased investment attraction, promotes opportunities for increased trade and conducts trade missions in partnership with industry. The ministry also provides unbiased information that helps the agriculture and forest industries capitalize on new opportunities, develops policies, and administers enabling legislation and regulations aimed at creating a more stable and secure business environment.

Priority Initiatives:

1.1 Represent Alberta's agriculture and forestry interests in trade agreements with priority markets and the opportunities that emerge as a result.

1.2 Reduce interprovincial trade and infrastructure barriers and ensure Alberta's agriculture and forest products can reach markets more effectively and efficiently.

1.3 Engage with the federal government, the United States and international trade organizations in repealing mandatory Country of Origin Labelling (mCOOL).

1.4 Increase representation in priority markets, strengthening the Canada and Alberta profile as a preferred global supplier for agriculture and forest products.

1.5 Identify and pursue new opportunities for growth in domestic markets.

Performance Measures	Last Actual 2013	Target 2016	Target 2017	Target 2018
1.a Alberta's agri-food exports by market ($ millions):				
• United States	3,080	3,144	3,357	3,619
• China	1,511	1,481	1,596	1,719
• India	39	45	50	54
• CETA[1] member countries	248	329	355	382
• TPP member countries (excluding U.S.)	2,062	2,292	2,470	2,663
• Rest of the World	1,807	2,169	2,338	2,520
1.b Alberta's agri-food exports by sector ($ millions):				
• Primary commodities	5,103	5,483	5,911	6,372
• Processed / manufactured products	3,645	3,947	4,254	4,586

Note:

[1] CETA: The Canada-EU Comprehensive Economic and Trade Agreement.

Desired Outcome Two: Alberta has more effective assurance systems that inspire confidence

Having effective assurance systems and the confidence (i.e. social license) of Albertans is about creating and promoting sound forest, pest, disease and wildfire management systems with prevention, mitigation, response and recovery measures; responding to evolving stakeholder expectations; and addressing social, environmental and economic impacts. In pursuit of this outcome, the ministry focuses on livestock traceability systems, pest management, animal and plant health, animal welfare systems and food safety. The ministry also provides surveillance systems and inspections in addition to early-warning mitigation systems that enable the prevention, detection, response and recovery from disease and pest outbreak events.

The ministry delivers enhanced wildfire management through a variety of activities including FireSmart initiatives, wildfire pre-suppression and suppression operations. These programs reduce loss, damage or injury due to wildfire; support biodiversity and forest health management objectives; and protect human lives and communities.

Priority Initiatives:

2.1 Implement all Flat Top Complex Wildfire recommendations.

2.2 Continue efforts to control and manage mountain pine beetle impacts.

2.3 Improve the coordination and effectiveness of food safety and traceability systems.

2.4 Develop policy frameworks and promote best practices and technology adoption for enhanced animal protection and welfare.

2.5 Create and promote systems that drive practice change, improve compliance and better protect against the spread of diseases and pests.

Performance Measures	Last Actual (Year)	Target 2015-16	Target 2016-17	Target 2017-18
2.a Containment of wildfires: • Percentage of wildfires contained before 10 a.m. the day following assessment	98.3% (2013)	>Rolling average of last five years' results		
2.b Percentage of active provincial licensed abattoirs that meet provincial food safety slaughter requirements	93% (2014)	93%	93%	94%

Desired Outcome Three: Alberta's agriculture and forest industries are more environmentally responsible and sustainable

To meet Albertans' expectations for the environmentally responsible and sustainable use of resources, the ministry develops legislation, policies and programs and facilitates environmentally responsive production practices in pursuit of being a leader in environmental stewardship. Additionally, the ministry collaborates across government on the completion of regional plans under the Land-use Framework. In pursuit of this outcome, the ministry maintains an integrated environmental policy, encourages adoption of environmental best practices, develops water efficiency and productivity strategies, maintains an integrated drought management strategy and facilitates continuous improvement in environmental outcomes through targeted research including the impact of climate change on forest productivity and sustainability. The ministry also manages commercial harvest of timber, ensures forest genetic diversity is maintained, develops cost-effective pest and disease management strategies, facilitates innovative silviculture practices and works with industry partners to implement sustainable timber harvest limits and reforestation requirements, including validating compliance with these requirements.

Priority Initiatives:

3.1 Work with processors and producers to increase the adoption of environmentally sustainable agriculture practices and energy efficient technologies.

3.2 Facilitate improvements in agricultural water conservation, efficiency, productivity, quality and supply.

3.3 Ensure Alberta's forests are managed sustainably and responsibly for environmental protection and biodiversity.

Performance Measures		Last Actual (Year)	Target 2015-16	Target 2016-17	Target 2017-18
3.a	Average percentage of improved environmentally sustainable agriculture practices adopted by producers (biennial survey)	56% (2013-14)	58%	n/a	60%
3.b	Sustainable timber harvest by: • Annual allowable cut (million cubic metres) • Harvest (million cubic metres)	30 20 (2012-13)	Harvest does not exceed annual allowable cut		
3.c	Percentage of forest regrowth as a result of reforestation	97.3% (2012-13)	98.0%	98.5%	98.5%

Desired Outcome Four: Alberta's agriculture and forest industries are more diversified and maximize product value

Diversifying Alberta's agriculture and forest industries and maximizing product value is achieved through research, investment in new technologies, product development and commercialization activities that ensure Alberta has a variety of high-quality products to meet consumer demands. In support of this outcome, the ministry invests in research that enables innovation, technology uptake and new methods of efficiently managing industry by-products; works collaboratively with industry and partners to share information and best practices; provides business development services; and develops strategic policies and practices that promote the capitalization of value-added opportunities.

Priority Initiatives:

4.1 Support and leverage industry investments in identifying new products, processes and services that result in increased diversification and value-added opportunities.

4.2 Increase the uptake of bio-based product development and processing.

4.3 Empower Alberta research and knowledge transfer associations to diversify agricultural production and processing, including new crop varieties and improved cropping, forage and livestock production practices.

4.4 Expand opportunities for entrepreneurs to use established facilities for value-added processing, product development and commercialization.

4.5 Enable research-based partnerships with industry-focused institutions and other jurisdictions.

4.6 Partner with other ministries and the forest industry sector to advance the *Alberta Forest Products Roadmap*, which identifies opportunities for diversifying forest products and markets.

Performance Measures		Last Actual 2013-14	Target 2015-16	Target 2016-17	Target 2017-18
4.a	Number of value-added products developed and successfully introduced into market with assistance from Agriculture and Forestry [1]	217	176	188	190
4.b	Research and development investment by collaborators leveraged through ministry resources ($ millions)	4.8	6.4	6.6	6.8

Note:

1 The target for 2015-16 is lower than the last actual due to significant product commercialization activities in 2013-14 that are not expected to be repeated.

Desired Outcome Five: Alberta has thriving rural communities

Thriving rural communities have a positive economic environment in rural Alberta where businesses can grow and succeed, a productive and skilled workforce can capitalize on new and existing opportunities and families are able to enjoy a higher quality of life. In pursuit of this outcome, the ministry facilitates the development of community infrastructure; supports the management of a sustainable water supply for economic development; works with industry and rural Alberta to promote and enhance farm safety; administers programs to reduce the cost of utility services for Albertans living in remote regions of the province; and provides loans, insurance products and farm-income disaster assistance. The ministry also facilitates enhanced connections between rural Alberta and the demands of international and domestic consumers. Rural communities are supported by actively building rural Alberta's leadership base in collaboration with youth and rural stakeholders; partnering with educational institutions to facilitate new learning and skill development opportunities; and encouraging increased collaboration within and between regions to better focus planning and service delivery. In support of the principles of the United Nations Declaration on the Rights of Indigenous Peoples, the ministry enhances relationships with Indigenous communities in their pursuit of traditional land stewardship, building self-reliant and culturally strong communities.

Priority Initiatives:

5.1 Support positive economic development in rural Alberta that enables producers and agriculture and forestry businesses to grow and succeed.

5.2 Increase business and entrepreneurship capacity in rural Alberta.

5.3 Improve access to capital for rural entrepreneurs and businesses.

5.4 Develop long-term solutions to address labour challenges in the agriculture and forestry sectors.

5.5 Improve leadership capacity and skills development in rural communities.

Performance Measures	Last Actual (Year)	Target 2015-16	Target 2016-17	Target 2017-18
5.a Total investment leveraged in rural businesses facilitated through AFSC lending services ($ millions)	644 (2013-14)	699	754	815
5.b Percentage of eligible seeded acres for major crop categories insured under Production Insurance:				
• Annual Crops	77%	77%	77%	78%
• Perennial Crops	26% (2013)	27%	27%	28%

STATEMENT OF OPERATIONS

Consolidated Financial Statements Basis

(thousands of dollars)	Comparable 2014-15 Actual	**2015-16 Estimate**	2016-17 Target	2017-18 Target
REVENUE				
Transfers from Government of Canada	294,045	**337,982**	300,338	306,658
Investment Income	132,967	**134,157**	147,525	172,440
Premiums, Fees and Licences	382,531	**446,182**	461,753	479,215
Other Revenue	13,875	**10,661**	9,312	7,332
Transfers from Alberta Heritage Savings Trust Fund	3,050	**-**	-	-
Inter-Ministry Consolidation Adjustment	(4,553)	**-**	-	-
Total	821,915	**928,982**	918,928	965,645
EXPENSE				
Ministry Support Services	17,794	**19,390**	19,465	19,105
Agriculture Policy and Economics	15,769	**16,718**	16,682	16,531
Agriculture Environment and Water	53,694	**54,905**	52,757	52,377
Food Safety and Animal Health	45,716	**47,811**	47,420	47,204
Industry Development	115,025	**118,874**	114,427	112,504
Forests	348,427	**590,421**	222,917	221,817
Lending	34,301	**36,518**	38,750	39,126
Insurance	507,017	**814,322**	478,689	477,625
Agriculture Income Support	134,639	**147,720**	129,933	131,727
Livestock and Meat Strategy	33,145	**32,290**	29,940	29,690
Agriculture and Food Innovation Endowment Account	3,058	**-**	-	-
2013 Alberta Flooding	630	**-**	-	-
Debt Servicing Costs	69,892	**74,845**	79,718	94,513
Inter-Ministry Consolidation Adjustment	(17,260)	**(13,054)**	(11,654)	(10,554)
Total	1,361,847	**1,940,760**	1,219,044	1,231,665
Net Operating Result	(539,932)	**(1,011,778)**	(300,116)	(266,020)
CAPITAL INVESTMENT				
Ministry Support Services	1,381	**2,017**	1,567	1,575
Agriculture Environment and Water	682	**686**	275	275
Food Safety and Animal Health	526	**385**	380	380
Industry Development	3,287	**1,611**	1,166	1,166
Forests	21,730	**16,967**	10,053	10,053
Lending	1,217	**2,345**	2,277	2,205
Insurance	3,708	**3,841**	3,730	3,613
Agriculture Income Support	951	**1,864**	1,809	1,752
Livestock and Meat Strategy	75	**-**	-	-
Total	33,557	**29,716**	21,257	21,019